

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  APPLICATION OF OVERPAYMENTS TO LEVEL PAYMENT ACCOUNTS	DOCKET NO. RMU-01-9
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**ORDER COMMENCING RULE MAKING**

(Issued September 6, 2001)

Pursuant to the authority of Iowa Code §§ 476.1, 476.1A, 476.1B, 476.2, 476.20, and 17A.4 (2001), the Utilities Board (Board) proposes to adopt the amendments attached hereto and incorporated herein by reference in this order. The Board proposes to amend 199 IAC 19.4(11)"g" and 20.4(12)"g" to prescribe the application of payments of electric and gas bills by customers on level payment plans that are above the level payment. This proceeding has been identified as Docket No. RMU-01-9. The reasons for proposing these amendments are set forth in the attached notice of intended action.

**IT IS THEREFORE ORDERED:**

1. A rule making proceeding identified as Docket No. RMU-01-9 is commenced for the purpose of receiving comments on the proposed rules in the notice attached hereto and incorporated herein by reference in this order.

2. The Executive Secretary is directed to submit for publication in the Iowa Administrative Bulletin a notice in the form attached to and incorporated by reference in this order.

**UTILITIES BOARD**

/s/ Allan T. Thoms

/s/ Diane Munns

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

/s/ Mark O. Lambert

Dated at Des Moines, Iowa, this 6<sup>th</sup> day of September, 2001.

## **UTILITIES DIVISION [199]**

### **Notice of Intended Action**

Pursuant to Iowa Code sections 17A.4, 476.1, 476.1A, 476.1B, 476.2, and 476.20 (2001), the Utilities Board (Board) gives notice that on September 6, 2001, the Board issued an order in Docket No. RMU-01-9, In re: Application of Payments to Level Payment Accounts. The Board is proposing to amend 199 IAC 19.4(11)"g" and 20.4(12)"g" to require that payments above the level payment agreed to by an electric or gas customer must be applied to the unpaid balance rather than to the current or future monthly payments.

The Board in Docket No. NOI-01-1 had several complaints about the disposition of overpayments by electric and gas customers who were on level payment plans, also known as budget billing. The complaints indicated that some customers would deliberately pay more than the level payment amount due and the utility would credit that overpayment to future monthly payments rather than the outstanding account balance. This was also found to occur when a utility made a credit from air conditioning load control program or revenue sharing credits. Because of the overpayment or credit the customer would be directed not to pay some or all of succeeding monthly bills, while the customer still had an outstanding balance under the level payment plan.

The issues raised by the application of any overpayment or credit is of particular concern when Low Income Home Energy Assistance Payments (LIHEAP) is treated

in similar fashion. A LIHEAP customer typically signs up for energy assistance in October and during the first week of November the total assistance grant is entered as a credit on the customer's account. The initial credit may be large enough to generate several bills where no payment is required, but since the payment does not cover all of the winter heating bills, the effect of directing customers to make no payment is to increase the account balance at the end of the level payment period for those low-income customers.

The Board believes that a better way to handle overpayments and credits, including LIHEAP payments, is for the utility to apply them to the outstanding balance and bill the customer the monthly level payment amount each month. This generally will reduce the overall payment obligation of the customer at the end of the level payment period. LIHEAP customers may request that bill credits or excess payments be applied to the customer's level payment amount.

Pursuant to Iowa Code sections 17A.4(1)"a" and "b," any interested person may file a written statement of position pertaining to the proposed amendment. The statement must be filed on or before October 23, 2001, by filing an original and ten copies in a form substantially complying with 199 IAC 2.2(2). All written statements should clearly state the author's name and address and should make specific reference to this docket. All communications should be directed to the Executive Secretary, Iowa Utilities Board, 350 Maple Street, Des Moines, Iowa 50319-0069.

A public hearing to receive oral comments on the proposed amendments will be held at 10 a.m. on November 20, 2001, in the Board's hearing room at the address listed above.

This amendment is intended to implement Iowa Code sections 17A.4, 476.1, 476.1A, 476.1B, 476.2, and 476.20.

The following amendments are proposed.

Item 1. Amend paragraph 19.4(11)"g" as follows:

**19.4(11)"g"** The amount to be paid in each billing interval by a customer on a level payment plan shall be computed at the time of entry into the plan. It may be recomputed on each anniversary date when requested by the customer, or whenever price, consumption, alone or in combination result in a new estimate differing by 10 percent or more from that in use.

When a customer's payment level is recomputed, the customer shall be notified of the revised payment amount and the reason for the change. The notice shall be served not less than 30 days prior to the date of delinquency for the first revised payment. The notice may accompany the bill prior to the bill affected by the revised payment amount.

Any bill credits or payments in excess of the current level payment due from the customer shall be applied only to the outstanding account balance and not to level payment amounts. However, upon request of a customer who does not receive funds from the Low Income Home Energy Assistance Program (LIHEAP), bill credits or excess payments shall be applied to the customer's level payment amount.

Item 2. Amend paragraph 20.4(12)"g" as follows:

**20.4(12)"g"** The amount to be paid in each billing interval by a customer on a level payment plan shall be computed at the time of entry into the plan. It may be recomputed on each anniversary date, when requested by the customer, or

whenever price, consumption, alone or in combination result in a new estimate differing by 10 percent or more from that in use.

When a customer's payment level is recomputed, the customer shall be notified of the revised payment amount and the reason for the change. The notice shall be served not less than 30 days prior to the date of delinquency for the first revised payment. The notice may accompany the bill prior to the bill affected by the revised payment amount.

Any bill credits or payments in excess of the current level payment due from the customer shall be applied only to the outstanding account balance and not to level payment amounts. However, upon request of a customer who does not receive funds from the Low Income Home Energy Assistance Program (LIHEAP), bill credits or excess payments shall be applied to the customer's level payment amount.

September 6, 2001

/s/ Allan T. Thoms

Allan T. Thoms  
Chairperson